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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Procurement and contract management for peacekeeping operations

Report of the Secretary General*

Summary

The present report is submitted to the General Assembly pursuant to paragraph 22 of resolution 57/290 B of 18 June 2003, in which the Secretary-General was requested to submit to the Assembly at its resumed fifty-eighth session a comprehensive report on procurement and contract management for peacekeeping operations.

The present report of the Secretary-General provides the General Assembly with information concerning the actions being taken by the Department of Peacekeeping Operations in partnership with the Department of Management to improve procurement and contract administration following the recommendation of the Board of Auditors on United Nations peacekeeping operations for the financial period ended 30 June 2003 (A/57/5 (vol. II)) and in response to the report of the Advisory Committee on Administrative and Budgetary Questions (A/57/772).

* The issuance of the present report has been delayed owing to time constraints experienced in its coordination and formulation as a result of current expansion of activities in the area of peacekeeping missions and the need to attend to urgent operational issues.

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I. Background

1. In its resolution 57/290 B, the General Assembly requested the Secretary-General to submit to the Assembly at its resumed fifty-eighth session a comprehensive report on procurement and contract management for peacekeeping operations, containing specific proposals addressing any possible conflict of interest that might arise in the area of procurement and contract management concerning staff members associated with the procurement cycle, including the feasibility of establishing a code of ethics, a declaration of independence and provisions to ensure confidentiality of information associated with their functions as United Nations staff members, and also taking into account the discussion on procurement and management contained in the report of the Advisory Committee on Administrative and Budgetary Questions (A/57/772, paras. 116-119).

2. The Department of Peacekeeping Operations is mindful of the need to ensure that appropriate safeguards are provided in the procurement system to protect the integrity of the process, the Organization and its staff members. In close cooperation with its partners in the Department of Management, it has made considerable strides in addressing the deficiencies in the area of field procurement and the training needs identified by the Board of Auditors (see A/57/5 (vol. II)).

II. Code of ethics

3. Following the recommendation of the Board of Auditors, a number of new initiatives have been put in place to ensure that all staff working in procurement are made aware of and understand their responsibilities in this area, including conducting of ethics training for chief procurement officers and drafting of ethical guidelines, which are to be promulgated in April 2004. Upon promulgation, the guidelines will be made available to all staff members in the Organization through the Intranet and will also be distributed to all staff involved in the procurement process, both at Headquarters and in the missions. The newly revised Procurement Manual also contains a chapter entitled "Ethics and Professional Responsibility". The Procurement Manual is available on the Intranet and has also been disseminated to the missions. In addition, both the procurement foundation course provided by the Office of Human Resources Management and the advanced procurement training course developed by the Procurement Division contain components on ethics.

4. As recommended by the Board of Auditors, the Procurement Division has reviewed the issue of the signature of a declaration of independence by all staff associated with the procurement cycle and has sought the opinion of the relevant stakeholders. In this regard, the Division has issued an instruction to remind all staff of their responsibilities in this area and, in particular, of the need to ensure confidentiality of information associated with their functions. The instruction has been placed on the Procurement Division's Intranet site and all chief procurement officers in peacekeeping missions have been requested to ensure that staff are made aware of the instruction.

5. The issue of potential conflicts of interest, including employment of former United Nations procurement officers by suppliers to the United Nations and vice versa, is addressed in principle in the ethical guidelines developed by the

Procurement Division. Enforcement of such a principle in actual employment conditions will, however, require careful study.

III. Improved procurement and contract management in the peacekeeping missions

6. Procurement plans are reviewed by the respective sections of the Logistics Support Division at Headquarters to determine how the requirements will be best fulfilled, procurement being only one of several options. The mission plans are reviewed by the Logistics Support Division against surplus assets at other missions, operational and strategic stock at the United Nations Logistics Base at Brindisi, Italy, assets from liquidating missions and contingent-owned equipment from troop-contributing countries or contributed by Member States. In order to better synchronize the process, the Procurement Division and the Logistics Support Division have transitioned procurement planning from the traditional calendar year to the peacekeeping financial year, thereby allowing the missions to match their procurement plans to their budget plans. The importance of proper acquisition planning continues to be emphasized by both Divisions and the quality and timeliness of the submissions received from the missions have improved. It is recognized, however, that further improvement needs to be made in this area, which will remain a priority.

7. Over the last 12 months, the Procurement Division has undertaken management missions to the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the United Nations Mission in Ethiopia and Eritrea (UNMEE) and the United Nations Mission in Sierra Leone (UNAMSIL) and has held workshops with the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Disengagement Observer Force (UNDOF). During these visits, the chief procurement officers and mission staff were given the opportunity to address specific issues or areas of concern directly with senior staff of the Division. Local procurement staff were also briefed on procurement reform initiatives and recently instituted best practices within the Division (such as the use of "best value" source selection), the United Nations system and the field of procurement in general. In addition, the Division released staff to participate in the fact-finding and start-up phases of new missions, such as those of the United Nations Mission in Liberia (UNMIL) and the United Nations Mission in Côte d'Ivoire (MINUCI) as well as the missions that will soon be established in the Sudan and Burundi, with a view to developing essential procurement capacity on the ground at the outset of these missions.

8. Advanced field procurement training took place in the first quarter of 2004 in six locations, with attendance of staff from peacekeeping missions in the region of these training sites. As part of the training programme, the Procurement Division also assigned one of its own staff members to answer any specific questions arising in relation to procurement at Headquarters. The Division is also working with the United Nations Staff College and other United Nations organizations to develop a United Nations system-wide common procurement and certification programme under the auspices of the Inter-Agency Procurement Working Group to meet the longer-term training needs.

IV. Excessive lead time

9. The continued high level of activity in many existing missions and the initiation of many new missions play a significant role in determining the lead time for the procurement process and delivery of goods and services. The Procurement Division, in close cooperation with the Logistics Support Division, continues to introduce initiatives to improve the process and increase capacity, some of which have already been discussed in the present report. Other initiatives include: the establishment of direct communications between the procurement officers in the field and the Procurement Division through a "24/7" hotline and a designated focal point, who communicates daily with the chief procurement officers and other mission staff on advice, feedback and follow-up regarding procurement issues; recommendations of the local committees on contracts are now sent directly to the Procurement Division for presentation to the Headquarters Committee on Contracts, thus further reducing lead time; and participation by the Procurement Division in the selection process for procurement staff being recruited or assigned to field missions. These undertakings and others have all contributed to an improvement of the procurement capacity of the missions and have been well received by the Department of Peacekeeping Operations.

10. There are also many external factors that affect lead times, including the reluctance of vendors to abide by the stringent United Nations terms and conditions, changes in operational requirements associated with the uncertain nature of peacekeeping missions and market capacity. The Procurement Division and Logistics Support Division closely monitor progress of priority cases to ensure that missions receive these goods and services as and when they are needed.

11. The Procurement Division is also working with the Logistics Support Division to develop a common procurement management system to facilitate the exchange of procurement-related data between the Headquarters and peacekeeping missions. In the meantime, information on systems contracts is now available online to peacekeeping missions so that they can place orders directly against established contracts and reduce lead times.

V. Vendor performance report

12. Missions have been directed and are reminded on an ongoing basis of the importance of completing contractor evaluation reports quarterly and comprehensive evaluation reports at the end of the contract period. This enables the monitoring and documenting of compliance of a particular contractor and provides a record of past performance that can be used in future evaluation exercises. The contractor performance evaluation report was introduced in February 2002. Field missions have completed approximately 90 contractor evaluations to date. Staff members of the Procurement Division have also been directed to ensure that contracts are not extended or renewed without careful review of vendor performance.

VI. Vendor registration

13. In order to improve the current vendor management system, the Procurement Division, in cooperation with other members of the Inter-Agency Procurement Working Group, initiated a comprehensive review arrangement, now used by the United Nations system and by other public and private entities, with a view to developing a single harmonized system that follows industry "best practices". Upon completion of this review, it is envisaged that the recommendations will also be implemented in the field missions. The initial stage of this project is now complete and the results will be reviewed and discussed among the United Nations agencies at the upcoming meeting of the Inter-Agency Procurement Working Group in Indonesia in June 2004.

14. In the meantime, the Procurement Division has become a partner in the United Nations Global Marketplace (www.ungm.org), which is to serve as a single gateway for potential suppliers to apply for registration with participating organizations within the United Nations system. While the Global Marketplace is still in its infancy, it is envisaged that it will also be deployed in peacekeeping missions. In addition, the Marketplace will eventually allow organizations of the United Nations common system to share vendor performance information, which will help to improve the quality of suppliers serving the Organization.

VII. Conclusion

15. While the recent significant expansion of peacekeeping activities poses a serious challenge to the Organization in its quest to ensure that all missions are adequately staffed with properly trained and experienced personnel, the Secretary-General wishes to assure the General Assembly that the Department of Peacekeeping Operations and the Department of Management will continue to work closely to further improve the quality of procurement and contract management in the peacekeeping missions.

VIII. Action to be taken by the General Assembly

16. **The General Assembly is requested to take note of the present report.**